

## Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 SAJ-01 DODE-00 PM-03

H-02 L-03 NSC-05 PA-01 PRS-01 SS-15 STR-04 CEA-01

/089 W

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P 181154Z JUL 75

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 3082

INFO AMCONSUL BOMBAY

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E.O. 11652 N/A

TAGS: EINV, CE

SUBJ: FNCB BRANCH PROPOSAL TURNED DOWN

1. IN LATE 1973 FIRST NATIONAL CITY BANK (FNCB) NEW YORK INVESTIGATED POTENTIAL FOR INCREASED LOAN AND CORRESPONDENT BUSINESS IN YI LANKA WITH VIEW OF OPENING EVENTUAL FULLSERVICE COLOMBO BRANCH. IN NOVEMBER 1974, FNCB VICE PRESIDENT GAVE CENTRAL BANK GOVERNOR WRITTENREQUEST TO OPEN BRANCH. THROUGHOUT, EMBASY HAS ASSISTED AND ENCOURAGED FNCB. PROBABILITY OF APPROVAL FOR BRANCH, WHICH APPEARED REASONABLE IN MID-1974, NOW HAS GROWN LESSAND LESS AS CLIMATE FOR PRIVATE ENTER-PRISE HAS CONTINUED TO SUFFER UNDER STRONG LEFTIST PRESSURE.

2. WEEK OF JULY 7 LOCALPRESS ANNOUNCED THAT GSL HAD DENIED BRANCH REQUEST OF A "LEADING AMERICAN BANK - WHICH HAS BRANCHES ALL OVER  
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ASIA". LSSP WEEKLY SUBSEQUENTLY PRAISED

DECISION AND USED OCCASION TO ATTACK IN-DIRECTLY CENTRAL BANK AND FOREIGN AND "LOCAL SERVILE" CAPITALISTS. IN MID-JUNE WE NOTIFIED FNCB REP IN BOMBAY THAT APPROVAL UNLIKELY BUT WE DO NOT KNOW IF GSL HAS FORMALLY INFORMED FNCB.

3. CENTRAL BANK GOVERNOR HERBERT TENNECUON SUGGESTED TO EMBASSY THAT FNCB MIGHT CONSIDER OPENING REPRESENTATIVE OFFICE WHICH MIGHT BE RAISED TO BRANCH WHEN CLIMATE MORE FAVORABLE. HOWEVER, IN LIGHT OF LSSP RHETORIC, PRESUMABLY REFLECTING PERSONAL VIEWS OF FINANCE MINISTER N.M. PERERA, THIS IS NOT OVERLY PROMISING.

4. EMBASSY CONTACTS DISAGREE AS TO WHETHER DECISION WAS TAKEN IN CABINET OR AT LOWER LEVEL BUT FINANCE MINISTER'S HAND WAS PROMINENT. SPATE OF RECENT AUTHORITATIVE ARTICLES ON IMPENDING TAKE-OVER OF PRIVATE COMPANY OWNED

TEA ESTATES (REPORTED SEPTTEL) HAS BEEN ACCOMPANIED BY SPECULATION THAT FOREIGN BANKS MIGHT BE NEXT. VAN HOLLEN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ESTABLISHMENT OF OFFICES, COMMERCIAL BANKS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 JUL 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION EB  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** KelleyW0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 06 AUG 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <06 AUG 2003 by ElyME>; APPROVED <01 DEC 2003 by KelleyW0>  
**Review Markings:**

Margaret P. Grafeld  
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EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FNCB BRANCH PROPOSAL TURNED DOWN  
**TAGS:** EINV, CE, FNCB-FIRST NATIONAL CITY BANK  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006